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Farmland Rental Rates Show Continued Strength in 2012

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Farmland Rental Rates Show Continued Strength in 2012

By William Edwards and Ann Johanns, Department of Economics

Anyone who is involved with the rental market for Iowa farmland knows that rental rates have been pushed significantly higher by the favorable corn and soybean prices that farmers have enjoyed since 2010. This trend continued in 2012.

Results from the most recent Iowa State University Extension and Outreach rental rate survey estimated the 2012 average cash rent for Iowa corn and soybean land at \$252 per acre, an increase of \$38 per acre or 18 percent from last year. This is the largest one-year increase since the statewide survey was started in 1994. The second largest increase was in 2011, with an increase of \$30 per acre. Average rents were higher in all nine crop reporting districts, with increases ranging from \$57 per acre (26 percent) in north central Iowa to \$16 per acre (9 percent) in south central Iowa.

High quality land showed the largest increase in rents. Estimated rents for land in the high third of each county increased by an average of 20 percent, but estimated rents on low third quality row crop land increased by only 15 percent. In many counties respondents indicated that typical rents were \$400 to \$500 per acre or more for the higher quality land.

Typical rental rates for land growing oats and hay were also reported, as well as rental rates for grazing pasture and corn stalks. This year rental rates for allowing hunters on farmland also were included.

The intent of the Iowa State survey is to report typical rents in force, not the highest nor the lowest values heard through informal sources. Rental values were estimated by asking over 3,000 people familiar with the land market what they thought typical rates were in their county. The number of responses received this year was 1,419. Of the total responses, 37 percent came from farmers, 28 percent from landowners, 16 percent from professional farm managers, 16 percent from lenders and 3 percent from other professionals.

The [Cash Rental Rates for Iowa 2012 Survey](http://www.extension.iastate.edu/agdm/) is available online as a downloadable document; from the Ag Decision Maker website, www.extension.iastate.edu/agdm/.

Other resources available for estimating a fair cash rental rate include the Ag Decision Maker information files [Computing a Cropland Cash Rental Rate](#) (C2-20) and [Flexible Farm Lease Agreements](#) (C2-21). Both documents include decision file electronic worksheets to help analyze leasing questions.

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